

## Message Text

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ACTION AF-06

INFO OCT-01 ISO-00 TRSY-02 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 RSC-01 XMB-02 OPIC-03 SP-02

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CEA-01 DODE-00 DOTE-00 FMC-01 CG-00 COA-01 DLOS-03

/073 W

----- 128883

R 221400Z JAN 75

FM AMCONSUL JOHANNESBURG

TO SECSTATE WASHDC 3696

USDOC WASHDC

AMEMBASSY CAPE TOWN

AMEMBASSY PRETORIA

AMCONSUL LOURENCO MARQUES

INFO AMCONSUL DURBAN

LIMITED OFFICIAL USE JOHANNESBURG 0068

E.O. 11652: N/A

TAGS: ELTN, ETRD, SF, MZ

SUBJECT: MOZAMBIQUE PORT AND RAILROAD BOTTLENECKS AND U.S.

CHROME ORE SUPPLY

CAPE TOWN FOR EMBASSY AND CONGEN

REF: A) STATE 013418; B) CAPE TOWN 0059

1. SUMMARY: UNDERLINED. THE THREAT TO THE U.S. CHROME ORE  
SUPPLY POSED BY PORT AND RAILROAD BOTTLENECKS IN MOZAMBIQUE WAS  
THOROUGHLY DISCUSSED JANUARY 21 AT A MEETING IN JOHANNESBURG  
BETWEEN TOP OFFICIALS OF SOUTH AFRICAN RAILWAYS (SAR) AND  
REPRESENTATIVES OF U.S. CHROME ORE USERS AND BROKERS AND OF  
SOUTH AFRICAN PRODUCERS. SAR OFFICIALS PROMISED TO UNDERTAKE  
SEVERAL STEPS AIMED AT REMOVING THE BOTTLENECKS. END SUMMARY.

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UNDERLINED.

2. AT A LONG MEETING HELD AT SAR HEADQUARTERS IN JOHANNESBURG ON JANUARY 21, THE MOZAMBIQUE PORT AND RAILROAD BOTTLENECKS AND THEIR EFFECTS ON U.S. CHROME ORE IMPORTS WERE DEBATED. CHAIRMAN OF THE MEETING WAS SAR GENERAL MANAGER LOUBSER, WHO WAS FLANKED BY HIS CHIEF DEPUTY, DR. COETSEE, CHIEF OPERATIONS OFFICER LOOTS, AND TWO OTHER SAR OFFICIALS. CHROME ORE PRODUCERS, BROKERS, SHIPPERS AND PRODUCERS WERE REPRESENTED BY 20 BUSINESSMEN, MOSTLY AMERICAN AND SOUTH AFRICAN. THE CONGEN SENIOR COMMERCIAL OFFICER ALSO ATTENDED.

3. THE BUSINESSMEN EXPLAINED THE GRAVITY OF THE CHROME ORE SUPPLY SITUATION IN THE U.S. GENERAL MANAGER LOUBSER, THOROUGH JUST BACK FROM VACATION, SHOWED HE HAD BEEN WELL-BRIEFED ABOUT IT BY HIS SAR ASSOCIATES. THERE WAS MUCH DISCUSSION OF TECHNICAL POINTS, SUCH AS THE POSSIBILITIES OF ATTEMPTING TO SHIP THE ORE THROUGH SOUTH AFRICAN PORTS, AND THE RELATIVE MERITS OF FORMING CHROME-ORE FREIGHT TRAINS AT SOUTH AFRICAN MINES DESTINED FOR SPECIFIC SHIPS AT LOURENCO MARQUES OR BUILDING UP THE ORE SUPPLY DUMP AT THE PORT TO SERVICE SHIPS THE TRADITIONAL WAY. THERE WAS GENERAL AGREEMENT THAT THE BOTTLENECKS ARE CAUSED PRIMARILY BY THE SHORTAGE IN MOZAMBIQUE OF SKILLED LABOR AND EXPERIENCED MANAGEMENT WHICH IN TURN HAS RESULTED FROM MOZAMBIQUE'S POLITICAL SITUATION. THE TONE OF THE MEETING WAS CORDIAL AND CANDID.

4. FOR VARIOUS REASONS THERE WAS LITTLE HOPE HELD OUT THAT SOUTH AFRICA'S CONGESTED PORTS COULD BE OF MUCH HELP IN THE NEAR FUTURE. FOR BOTH POLITICAL AND ECONOMIC REASONS, SAR AND THE SAG WANT TO KEEP LOURENCO MARQUES FUNCTIONING AS A MAJOR OUTLET FOR SOUTH AFRICAN EXPORTS INCLUDING CHROME. (LOUBSER OPINED THAT SOUTH AFRICA'S NEW PORT AT RICHARDS BAY, IN NATAL, WOULD BE ABLE IN TWO YEARS TO HANDLE CHROME ORE EXPORTS IN EXCESS OF THE CURRENT ANNUAL VOLUME OF 1.1 MILLION TONS, WHICH WOULD CONTINUE TO GO THROUGH LOURENCO MARQUES.) THE BUSINESSMEN PRESENT CONCENTRATED THEIR ATTENTION ON HOW TO GET THE ORE MOVING AGAIN THROUGH MOZAMBIQUE.

5. GENERAL MANAGER LOUBSER SAID HE HAS SEVERAL TIMES INDICATED INFORMALLY TO MOZAMBIQUE AUTHORITIES SAR'S WILLINGNESS TO HELP, WITH AID FOR TRAINING, LOAN OF EQUIPMENT AND OTHER TECHNICAL LIMITED OFFICIAL USE

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ASSISTANCE. SAR DOES NOT WANT TO PUSH HARD ITS OFFERS TO HELP FOR FEAR THEY MIGHT BE MISINTERPRETED IN MOZAMBIQUE AND ELSEWHERE. BUT THERE ARE A NUMBER OF WAYS SAR COULD HELP IF ASKED, PERHAPS EVEN RUNNING ORE TRAINS STRAIGHT TO PORT WITH SAR CREWS, IF BOTH MOZAMBIQUE AND SAR UNIONS WERE WILLING. AT PRESENT SAR HAS PLENTY OF CARS AVAILABLE TO CARRY THE ORE TO MOZAMBIQUE; WHAT IS LACKING IS A REASONABLE TURN-AROUND OF THOSE CARS IN THAT COUNTRY.

6. SOME LOCAL BUSINESSMEN URGED LOUBSER TO GO TO LOURENCO MARQUES AND OFFER HELP IN PERSON TO KEY AUTHORITIES THERE, BELIEVING THAT THOSE AUTHORITIES FOR THEIR OWN POLITICAL REASONS ARE RELUCTANT TO ASK FOR HELP BEFORE IT IS MORE CLEARLY OFFERED. LOUBSER WAS RECEPTIVE TO THE IDEA BUT EXPRESSED THE NEED FOR POLITICAL SUPPORT FROM HIS OWN GOVERNMENT FOR SUCH INITIATIVES.

7. LOUBSER PROMISED TO DISCUSS THE ENTIRE PROBLEM SHORTLY WITH TRANSPORTATION MINISTER MULLER AND TO REQUEST CABINET-LEVEL SUPPORT FOR MEASURES SUCH AS MORE SAR TECHNICAL COOPERATION WITH MOZAMBIQUE. SAR ALSO WILL UNDERTAKE, AS AN EMERGENCY MEASURE, TO DIVERT SOUTH AFRICAN GENERAL CARGO FROM LOURENCO MARQUES TO SOUTH AFRICAN PORTS TO THE EXTENT POSSIBLE, THOUGH FOR MANY COMMODITIES THIS WILL ADD TO THEIR INLAND FREIGHT COSTS.

8. MOST OF THE BUSINESSMEN LEFT THE MEETING WITH GUARDED OPTIMISM. LOUBSER'S CANDOR WAS APPRECIATED, BUT IT IS GENERALLY RECOGNIZED THAT WHAT HE CAN DO DOES NOT DEPEND ENTIRELY ON THE SAR, AND IN ANY CASE THE PROBLEM DOES NOT LEND ITSELF TO AN EASY SOLUTION OVERNIGHT. SOME OF THE U.S. BUSINESSMEN INVOLVED ARE RETURNING TO THE U.S. THIS WEEK (NOT KNOWING WHETHER THEY WILL HAVE TO RETURN HERE SOON), AND THERE IS NO RPT NO PRESSURE FELT HERE NOW FOR THE U.S. BUSINESSMEN'S MEETING ORIGINALLY SOUGHT WITH MINISTER MULLER AT CAPE TOWN.  
GUTHRIE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PORT CONGESTION, RAIL TRANSPORTATION, CHROMIUM  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 22 JAN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Line Count:** 141  
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**Office:** ACTION AF  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 STATE 013418, 75 CAPE TOWN 0059  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 27 AUG 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <27 AUG 2003 by BoyleJA>; APPROVED <15 DEC 2003 by CunninFX>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MOZAMBIQUE PORT AND RAILROAD BOTTLENECKS AND U.S. CHROME ORE SUPPLY  
**TAGS:** ELTN, ETRD, SF, MZ, US  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006